



## AIR RESOURCES BOARD

### Lower-Emission School Bus Program Replacement and Retrofit Grant Awards Notice of Funding Availability

#### Section 1 – Introduction

The California Air Resources Board (ARB) is seeking applications for grants to purchase new lower-emission replacement school buses and retrofits. The ARB will provide Lower-Emission School Bus Program funding for the following:

- **The purchase of a 2007 or newer diesel fueled or alternative-fueled lower-emission school bus to replace an old school bus (pre-1977 chassis model year and 1977- 1986 engine model year) and associated alternative fuel infrastructure**
- **The purchase and installation of an ARB verified, Level 3 diesel emission control device and some associated costs for 1987 and newer school buses**

The Lower-Emission School Bus Program provides grant funds to purchase new school buses that replace older higher emitting buses in California's public schools, and to retrofit in-use diesel school buses to reduce diesel particulate matter (PM) emissions. The 2008 Lower-Emission School Bus Program (LESBP) Guidelines provide details of the program and are available at:

<http://arb.ca.gov/bonds/schoolbus/guidelines/2008lesbp.pdf>.

This Notice of Funding Availability (NOFA) solicits applications for the Replacement and Retrofit Components of the Lower-Emission School Bus Program. The contents of this document are subject to modification. Any significant program modifications will be posted on the ARB's Lower-Emission School Bus Program website at <http://www.arb.ca.gov/bonds/schoolbus/schoolbus.htm>. Applicants are responsible for complying with all information contained in this document and proposals must adhere to all requirements.

For additional information, assistance or to receive application materials, please contact:

**ICF International**

at

(415) 677-7160

Or

[schoolbusinfo@icfi.com](mailto:schoolbusinfo@icfi.com)

## Section 2 – Background

Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, provides about \$191 million for school bus retrofits and replacements to reduce air pollution and to reduce children's exposure to diesel exhaust. The new bond funding will be implemented through the existing Lower-Emission School Bus Program at the ARB and in accordance with the requirements of Senate Bill 88 (Statutes of 2007, Chapter 181).

An addition, the ARB is scheduled to consider the proposed statewide Truck and Bus regulation in December 2008. This regulation would require that all pre-1977 school buses be removed from the fleet by December 31, 2011, and would require the retrofit of all other school buses that do not meet 2007 engine standards of 0.01 g/bhp-hr PM, by December 31, 2013.

After the ARB approved the 2008 Lower-Emission School Bus Program guidelines, grant award notifications were mailed to all air pollution and air quality management districts regarding their district's funding allocation. During this funding cycle, three program implementation options were available. These included self-implementation by the air district; regional implementation by a neighboring air district; and implementation by the ARB with assistance from the California Air Pollution Control Officers Association (CAPCOA). The ARB administers the Lower-Emission School Bus Program through grants to California's 35 local air districts.

To assist ARB and CAPCOA with the outreach portion of the program, ICF International was chosen as a third party contractor. ICF International is directly contacting those school districts and private transportation providers that contract with public school districts, for the air districts that have chosen ARB to implement their program. **These districts include: Amador, Antelope Valley, Colusa, Feather River, Imperial, Lake, Lassen, Mendocino, Modoc, Mojave, Northern Sonoma, Placer, San Luis Obispo, Santa Barbara, Siskiyou and Tehama.** This NOFA is only directed towards these named air districts.

## Section 3 - Eligible Participants

Any California public school district that directly provides transportation services or is a Joint Power Authority (JPA) that owns school buses is eligible to participate in this program. In addition, private transportation providers that contract with public school districts to provide transportation services are eligible to apply for school bus retrofit funds only. Grant funds must be spent on projects within the selected school district.

## Section 4 - Eligible Projects

### **LOWER-EMISSION SCHOOL BUS PROGRAM REPLACEMENT COMPONENT**

The Lower-Emission School Bus Program replacement component offers grant funding for the replacement of old, high-emitting diesel and gasoline school buses

operating without an original-equipment catalytic converter. New buses must meet the emission criteria stated in the 2008 Lower-Emission School Bus Guidelines. The eligibility criteria for existing school buses to be **replaced** are as follows:

- The existing school bus to be replaced must be a 1986 or older model year, in-use, school bus.
- The existing school bus to be replaced must have California Highway Patrol (CHP) safety certification (CHP form 292) since December 31, 2005 and has had continuous CHP safety certification from that point forward.
- The existing school bus must have a manufacturer's Gross Vehicle Weight Rating (GVWR) greater than 14,000 pounds. Only under very limited circumstances will school buses slightly under GVWR be considered for funding on a case-by-case basis. Contact ICF for further details.
- The existing school bus must be currently registered with the Department of Motor Vehicles (DMV).
- The existing bus must be dismantled within 60 days of receipt of the new bus.

Only replacement school buses will be considered for funding. Fleet expansion school buses are not eligible for funding.

The eligibility criteria for **new replacement** school buses are as follows:

- A 2007-2009 model year school bus must not exceed 1.44 g/bhp-hr for NO<sub>x</sub> FEL or 1.44 g/bhp-hr NO<sub>x</sub> + NMHC FEL and 0.01 g/bhp-hr for PM or a 2010 or newer model year school bus that does not exceed 0.2 g/bhp-hr for NO<sub>x</sub> and 0.01 g/bhp-hr for PM.
- Must have a manufacturer's GVWR greater than 14,000 pounds.
- New heavy-duty school buses with engines that use diesel or an alternative fuel are eligible for funding if the engine emissions are less than or equal to the above criteria. Alternative-fueled school buses may be powered by natural gas, liquefied petroleum gas (LPG or propane), electricity, methanol, or ethanol fuels.
- The new replacement school bus must be owned and operated within the school district for a minimum of five (5) years.

## LOWER-EMISSION SCHOOL BUS PROGRAM RETROFIT COMPONENT

The Lower-Emission School Bus Program Retrofit Component offers grant funding for the installation of diesel emission control devices on eligible 1987 model year and newer school buses.

The eligibility criteria for existing school buses to be **retrofitted** are as follows:

- The school bus to be retrofitted must be a 1987 or newer model year engine, in-use, diesel-fueled school bus.
- The school bus to be retrofitted must have a current California Highway Patrol (CHP) safety certification (CHP form 292).

- The school bus must be currently registered with the Department of Motor Vehicles (DMV).

The eligibility criteria for the **retrofit device** are as follows:

- ARB-verified (at the time of installation) Level 3 diesel emission control device for eligible school bus engine as determined by the applicable ARB Executive Order.
- The retrofitted school bus must be owned and operated within the school district for a minimum of five (5) years. In addition, the buses must be CHP certified after the retrofit is installed.

ARB verified retrofit devices can be found online at:

<http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm>.

## Section 5 – Funding Amounts

- Up to \$140,000 is available for a school bus replacement
- A \$25,000 match is required to be paid by the grantee for each 1977 – 1986 MY school bus replacement project. Up to \$15,000 of the match may be waived for 20 percent of the buses funded per air district. The match waiver will be provided to the funded buses with the greatest annual mileage
- An additional amount of ten percent of the cost of the new replacement bus or \$14,000, whichever is less, is available to fund alternative-fuel infrastructure
- Up to \$20,000 is available for a school bus retrofit which may include, maintenance, a cleaning device, infrastructure, and replacement filter

## Section 6 – Project Awards

### PRE-1977 MODEL YEAR REPLACEMENT

Priority will be given to all pre-1977 model year school buses that are included on the ARB's list of pre-1977 buses listed in the 2008 Guidelines as Appendix F. Pre-1977 school buses selected for replacement will receive up to \$140,000 for the cost of the new replacement school bus. Eligibility for pre-1977 replacements is based on the model year of the school bus chassis. There is no match funding requirement for these buses.

### 1977- 1986 MODEL YEAR REPLACEMENT

1977-1986 model year school buses are eligible for replacement. Replacement eligibility of 1977-1986 model year school buses is based on the model year of the school bus engine, where the oldest MY engine will be given preference. In case there is a tie between two or more school buses, preference will be given to the school districts that are also seeking retrofit funds. The final tie breaker will be based on the percentage of children that receive subsidized lunches.



School districts are required to provide \$25,000 in match funding when replacing eligible 1977-1986 model year school buses and the ARB will provide up to \$140,000 after the match. The match is required to be paid by the grantee for each 1977 – 1986 MY school bus replacement project. Up to \$15,000 of the match may be waived for 20 percent of the buses funded per air district. The match waiver will be provided to the funded buses with the greatest annual mileage.

The cost cap is applicable to the cost of the replacement school bus only including tax; funding for infrastructure to support alternative fueled and hybrid-electric school buses are available in addition to the cost cap. Funding is issued upon submittal of a properly verified claim for payment that demonstrates a new school bus purchase was made and proof that the replaced school bus was destroyed.

### **1987 MODEL YEAR AND NEWER RETROFIT**

1987 and newer model year diesel-fueled school buses are eligible for retrofit funding provided an ARB-verified diesel emission control device (DECS) qualifies for the applicable bus engine. The bus and engine use must also comply with all conditions as set forth in the applicable ARB Executive Order for the DECS. School buses previously retrofit with Level 1 diesel emission control device are eligible for a retrofit grant to install a Level 3 diesel emission control device.

The ARB will pay up to \$20,000 to cover the cost of the retrofit device, its installation and associated costs. Defined within the \$20,000 cost cap's associated costs are data logging, device installation, maintenance costs (baking and de-ashing), infrastructure (e.g. installation of additional circuits for active device regeneration), and back-up filter(s). Retrofit projects will be selected on an ongoing first-come first-serve basis, until all retrofit funds are obligated.

### **ALTERNATIVE FUEL INFRASTRUCTURE**

Alternative fuel infrastructure may also be funded under these grant agreements for fueling equipment that is directly related to the capacity needed by new school buses acquired with program funds. An amount up to ten percent of new school bus funding for alternative-fueled school buses may be used for refueling infrastructure when no local alternative fuel refueling site is available or the existing local refueling site is inadequate. Funds for the replacement of CNG tanks are not an allowable.

## **Section 7 – Tentative Schedule**

September 8, 2008      Release of NOFA

October 14  
through  
October 27      LESB Program Workshops (TBD)

October 31, 2008      **Deadline for School Districts to submit Grant Applications to ICF**

- |                   |  |
|-------------------|--|
| November 25, 2008 | Deadline for ICF to submit complete application packages to the ARB            |
| December 8, 2008  | Grant awards made by the Air Resources Board                                   |
| January 23, 2009  | Deadline for grant agreements signed by school districts for approved projects |
- The ARB's goal is to spend 25 percent of the total air district allocation on retrofits once all pre-1977 buses have been purchased. The ARB believes that this goal is attainable, however, if by application response it is determined that the goal will not be achieved, the ARB will conduct a second round of solicitation within 90 days of initial application review for retrofit projects to achieve the 25 percent funding target.

## Section 8 – Program Application Process

### **A complete application package contains:**

Cover Letter - Include the name, address, telephone number, and contact person for the proposed project, and the signature of the person or persons authorized to represent the school district or school bus transportation company and sign the grant agreement.

School Board Resolution - A school board resolution authorizing submittal of this grant request and participation in the LESBP or documentation stating that a school board resolution will be taken to the school board prior to January 23, 2009 must be included with the application. The resolution must specify the individual at the school district who is responsible for implementing the school bus grant program and address the \$25,000 match funding requirement for each 1977-1986 model year new bus replacement.

School District Application Form - Complete all requested information in the grant application form that is attached. Note: for an application page to be considered complete, the list of items that are listed on the cover page of both the Retrofit and Replacement Bus Applications, are required to be attached to the application form.

### **The application and program participation process is as follows:**

1. Program applications are attached to this document and are also available from the website at [www.arb.ca.gov/bonds/schoolbus/schoolbus.htm](http://www.arb.ca.gov/bonds/schoolbus/schoolbus.htm)
2. Applications must be submitted to ICF International by October 31, 2008 to be considered for funding. Applications will NOT be accepted after this date. Applications are to be submitted to ICF International at:

Lower-Emission School Bus Program  
**ICF International**  
394 Pacific Avenue, 2nd Floor  
San Francisco, CA 94111

3. The application package will be reviewed by ICF staff for completeness. If the application is incomplete, the applicant will be notified by ICF of how the application is incomplete. If complete information is not received by November 25, 2008, the application is rendered null and void.
4. Applications for eligible projects will only be competing with other projects applied for within the same air district, and not with those from other air districts that have selected ARB as the implementing agency.
5. ICF will forward complete applications to the ARB where they will be reviewed to determine that program criteria and requirements have been met.
6. Applicant will be notified of application approval or denial, or will be placed on the waiting list due to current unavailability of funds, by December 8, 2008.
7. Upon approval of the application, the ARB will prepare a grant for signature by the applicant and the ARB. The grant process may take several weeks to complete.

## Section 9 – Program Requirements

Successful project applicants must enter into a grant agreement with the ARB setting forth specific performance criteria to ensure compliance with statutory and audit requirements. Grant agreement preparation will begin immediately upon ARB selection of a project. The grant agreement will include further details on complying with program requirements; including late penalty notifications to chosen school districts and vendors/dealers; and submitting claims for payment and reporting requirements to be performed by the applicant. The following elements are set forth as program requirements:

### General Requirements

- The school district and/or vehicle shall be based within the geographic area of the air district which the ARB is representing.
- The school district shall submit a copy of the California Highway Patrol Inspection Approval Certificate (CHP for 292) for each school bus to be replaced. This document must show that the school bus has been continuously certified as of December 31, 2005 and has continuous safety certification from that point forward.



- Applicant must purchase new school bus, fueling infrastructure and/or retrofit device/maintenance infrastructure and places the school bus into service. The applicant must submit invoices, evidence of dismantling for the replaced school bus, evidence of inspection for a retrofitted bus, insurance documents, and the ARB Claim for Payment form for grant payment. The ARB will review the information for compliance with the program requirements.
- The applicant must order the new school bus, fueling infrastructure, retrofit device and/or maintenance infrastructure within 60 days of grant execution. New school buses and retrofit projects must be in operation by February 1, 2010.
- The school district must submit an original Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification Form W-9.
  - The information entered into Section A of the grant application must be identical to the information on Form W-9, as this information will be used to generate all binding documents and be used to report incentive funding to the IRS.
  - A copy of the IRS Form W-9 can be downloaded at [www.irs.gov](http://www.irs.gov) or by calling 1-800-829-3676.
- Applicant submits invoice, receipts, and the ARB Claim for Payment form. The ARB will review the information for compliance with all grant requirements.
- Payment will be issued upon verification (ARB staff site visit/documentation) that the new bus, the fueling infrastructure, the retrofit, the maintenance infrastructure, has been purchased and is operating, that the old bus has been dismantled or scrapped, that the retrofit bus has been inspected by CHP; and the claim for payment has been submitted to and received by, the ARB.
- The school district agrees that program criteria and requirements may be reviewed, as new information becomes available, and can be revised at the discretion of the ARB.
- Applicant submits an annual report for the first five years of the project life. The reports shall include such information as vehicle miles traveled and details regarding maintenance.
- The ARB maintains the right to monitor the project periodically.
- The school district shall return a pro-rated portion of the funds to the ARB if the school bus does not complete the minimum five (5) year term set forth in this program.

#### Additional Replacement Bus Requirements

- The school district must order the new bus within 60 days after signing of the grant agreement. The ARB must be notified when the bus is ordered, when the bus is delivered, and when the replaced bus is dismantled.
- Program funds must only be used to purchase a new school bus that is equipped with essential or standard equipment.
- The school district must submit a legible photograph of the data tag showing the model year and vehicle identification number (VIN) for every school bus replaced.
- The school district must insure that all replaced school buses shall be dismantled in accordance with the definition of "dismantle" set forth in the ARB's 2008 Lower-



Emission School Bus Guidelines, Appendix A. School districts must ensure that the school bus that is replaced is dismantled within 60 days of the receipt of the new, replacement school bus.

- The school district must submit a copy of the ARB certification Executive Order for the engine of the new replacement school bus with the application.

#### Additional Retrofit Requirements

- The school district must order an ARB-verified retrofit device within 60 days after signing of the grant agreement. The ARB must be notified when the retrofit parts are ordered, when the retrofit parts are installed, and when the retrofit bus is inspected.
- The incentive amount will cover the purchase and installation of the ARB-verified, Level 3 retrofit. Within the \$20,000 funding cap, the ARB will allocate up to \$2,500 to pay for filter maintenance and up to \$300 for data logging.
- The school district shall submit a copy of the ARB's Executive Order for the Level 3 retrofit device with the application.
- The school district shall submit a copy of the CHP Inspection Approval Certificate (CHP form 292) for each school bus to be retrofitted.
- The school district shall contact the CHP for a safety inspection of the school bus retrofit installation before the vehicle is returned to service and submit a copy of a complete CHP form 343 – Safety Compliance Report/Terminal Record Update, or a copy of a completed CHP form 343A – Vehicle/Equipment Inspection Report Motor Carrier Safety Operations.

**NOTE: The Lower-Emission School Bus Program is not a rebate program. Applicants must obtain approval and have a signed, executed grant agreement from the ARB prior ordering a new bus or retrofit. Any new bus or retrofit purchased prior to grant execution is ineligible for grant funding.**

## Section 10 – Grant Extensions

The ARB Lower-Emission School Bus Program Manager has discretion to approve grant amendments. However, grant extensions will not be granted unless the school district can prove difficulties in procurement of replacement buses or retrofits and infrastructure due to factors beyond their control.

## Section 11 - Audit Procedures

Any entity that receives School Bus Replacement/Retrofit Grant Program funds may be subject to an audit of each program or project funded. The audit may be conducted by staff from the ARB, Department of Finance, or an independent auditor selected by the ARB. Grant documentation, records, and referenced materials must be made available for review during the ARB or other State agency monitoring visits and audits. These records must be retained for the contract term plus two years. In addition, program and fiscal records must be reconciled at least twice per year.

Upon the completion of an audit, the ARB will review the audit to determine if the funds were used for the approved project and make the audit available to the proponent and to the public upon request.

If the ARB determines that the funds were expended in a manner contrary to law or not in accordance with grant provisions, the ARB will notify the grantee school district of the determination, and within forty-five (45) days, the ARB may hold a public hearing at which time the grantor may present information related to the expenditure of funds. After the hearing, if the ARB determines that the grantee school district has expended the funds in a manner that is contrary to law or not in accordance with grant provisions; the ARB may withhold future funds from the grantee school district in an amount equal to the amount that was inappropriately expended. In addition to all other available remedies, the ARB may, at its discretion, also seek re-payment of funds misappropriated, spent for non-eligible activities, or otherwise inappropriately expended.

